

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report prepared by the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set forth in Appendix I, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this listing document and the Accountants' Report set forth in Appendix I to this listing document.

### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Listing on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 30 September 2022 as if it had taken place on 30 September 2022.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to equity shareholders of the Company had the Listing been completed as at 30 September 2022 or any future dates.

Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 30 September 2022 <sup>(1)</sup>	Estimated listing expenses <sup>(2)</sup>	Subscription of Shares paid by Karrie International <sup>(3)</sup>	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per share <sup>(4)(5)</sup>	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$</i>
Based on 505,327,300 Shares issued prior to the Listing. . . . .	784,697	(11,726)	4,594	777,565	1.54      1.76

Notes:

- (1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as of 30 September 2022 is based on the consolidated total equity of the Company of RMB784,697,000 as at that date, as shown in the Accountants' Report, the text of which is set out in Appendix I to this listing document.

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- (2) The estimated listing expenses mainly include professional fees payable to the sponsor, legal advisors of the Company and sponsor, the reporting accountants and other listing related expenses to be incurred by the Group subsequent to 30 September 2022. The Company incurred listing expenses of RMB18,657,000 during the Track Record Period.
- (3) To facilitate the distribution in specie by Karrie International and the Listing of the Company, Karrie International will subscribe for such number of new Shares as is equal to 25% of the number of Karrie International Shares in issue as at the Distribution Record Date, which is expected to be 505,327,270 shares, for a total subscription price of HK\$5,053,000 (equivalent to RMB4,594,000), which will be paid by Karrie International to the Company in cash.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share is arrived after the above adjustment and on the basis that a total of 505,327,300 shares were issued prior to the Listing, but taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the Issue Mandate and the Repurchase Mandate, or any Karrie International Holdings Limited shares that may be allotted and issued upon the exercise of the Karrie International Share Options.
- (5) The unaudited pro forma adjusted consolidated net tangible assets attributable to the equity shareholders of the Company per Share is converted from Renminbi into Hong Kong dollar at the exchange rate of RMB1.00 to HK\$1.4. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (6) The Group's property interests located in the People's Republic of China (the "PRC") as at 30 September 2022 have been valued by Cushman & Wakefield Limited, an independent property valuer. Details of the valuation is set out in Appendix III to this listing document. The above unaudited pro forma statement of adjusted consolidated net tangible assets does not take into account the surplus arising from the revaluation of the Group's property interests as at 30 September 2022. The revaluation surplus for the Group's properties held for development and held for sale as at 30 September 2022 has not been recorded in the historical financial information of the Group as at 30 September 2022 and will not be recorded in the consolidated financial statements of the Group in future periods as the Group's inventories are stated at the lower of cost and net realisable value. The revaluation surplus for the Group's properties held for investment as at 30 September 2022 has been recorded in the historical financial information of the Group as at 30 September 2022 as the Group's investment properties are stated at their fair value. No additional annual depreciation would be charged against the profit in the future periods had the Group's properties been stated at valuation.
- (7) No adjustment has been made to the unaudited pro forma consolidated net tangible assets to reflect any trading result or other transactions of the Group entered into subsequent to 30 September 2022.

**B.    REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group’s pro forma financial information for the purpose in this listing document.*



**INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

**TO THE DIRECTORS OF KRP DEVELOPMENT HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of KRP Development Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 30 September 2022 and related notes as set out in Part A of Appendix II to the listing document dated 3 March 2023 (the “**Listing Document**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the listing document.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed listing of the ordinary shares of the Company (the “**Listing**”) on the Group’s financial position as at 30 September 2022 as if the Listing had taken place at 30 September 2022. As part of this process, information about the Group’s financial position as at 30 September 2022 has been extracted by the Directors from the Group’s historical financial information included in the Accountants’ Report as set out in Appendix I to the Listing Document.

**Directors’ Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 September 2022 would have been as presented.

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A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

3 March 2023